
PROGRAM NARRATIVE

413 DEPT OF FINANCIAL INST

Date: 12/13/2006

Time: 12:03:44

Program: ADMINISTRATION	Reporting Level: 00-413-100-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

1. Ensure the financial institutions operate in a safe and sound manner.
2. Examine all regulated entities within the timeframes prescribed by North Dakota statutes.
3. The maintenance of public confidence in regulated industries.
4. Provide for the opportunity for these industries to effectively service the convenience and needs of depositors, borrowers, and other customers, and to participate in and promote the economic progress of North Dakota.
5. Provide for the simplification and modernization of the laws governing the regulated industries.
6. To maintain a regulatory agency that consists of highly trained and experienced examiners to implement the mission, duties and responsibilities of the agency.
7. As regulators, we perform our duties in an ethical, unbiased, informed, and efficient manner.
8. Maintain the Department of Financial Institution's records management system to enhance efficiency and effectiveness.
9. Maintain examination staff at allotted FTE levels.
10. Operate the Department within budget parameters.
11. Work to keep appeals of the respective board's decisions at a minimum.
12. Respond to inquiries from the citizens of North Dakota.
13. Continue to update our disaster recovery program.

PROGRAM STATISTICAL DATA

The Department of Financial Institutions has seventeen examiners, two chief examiners, three consumer investigators, and five office staff to supervise and examine 82 banks, 2 trust companies, the Bank of North Dakota, 34 credit unions, 360 collection agencies, 404 money brokers, 16 money transmitter companies, 33 consumer finance companies, and 76 deferred presentment service providers. Currently there are no state chartered savings and loans. In addition the Department examines the Bank of North Dakota on a bi-annual basis.

EXPLANATION OF PROGRAM COSTS

To promote a stable and competitive financial system that enhances economic vitality. Develop and retain a highly skilled and diverse workforce. Ensure all staff receives appropriate ongoing training. Ensure that the Department has adequate IT resources to accomplish the agency's mission. Promote continuous process improvement. Maintain percentage of all staff completing at least one ongoing education or technical development class essential to maintain a highly skilled workforce each biennium. Conduct efficient and effective examinations to deliver timely and useful information to agency management and regulated entities.

Salaries represent 80% of the Department budget. Travel expenses, which comprise almost 40 percent of the Operating expense request, are primarily for vehicle, motel and meal costs for the 19 financial institutions examiners who travel within the state at least 90% of the time, including 65% overnight travel. To provide field office space in Grand Forks. The Grand Forks crew travels to the Fargo office to conduct pre-exam and post-exam job duties. Opening a Grand Forks field office will save the Department budget dollars in motor pool cost, meal allowance, and productive work hours.

PROGRAM GOALS AND OBJECTIVES

The Department successfully retained national accreditation from the National Credit Union Administration for the credit union division. The accreditation process enhances the function of the Department since it requires staff to review the aspects of the Department operations, and encourages the Department to strive for continuous process improvement in areas that may not receive an exemplary rating.

The examination staff continues to maintain bank and credit union examination frequency within the requirements set by statute, as well as federal examination frequency requirements. The Department issues administrative orders to problem institutions, and more closely supervises these institutions to ensure the corrective programs are implemented as expeditiously as possible. The Department has developed an early warning system which assists the Department in an attempt to identify and forestall potentially problem situations.

The State Banking and Credit Union Boards continue to act on applications as quickly as possible while still providing public comment opportunity.

The number of licenses issued to Money Brokers, Collection Agencies, and Consumer Finance Companies, Deferred Presentment Service Providers (payday lenders), and Money Transmitters continues to increase on an annual basis. Staff has revised procedures to continue to provide licenses to agencies in the most efficient manner. The Department has automated the Department records to greatly enhance the licensing process, as the number of new licenses issued continues to grow. The license applications have been placed on the Department website, so businesses can download the information as opposed to waiting to have applications mailed to them, or they can apply online.

The Department successfully revised the pay plan to attract and retain qualified individuals through the Human Resource Management Services. The intent is to reduce the turnover in the Department and recruit better candidates. Prior to the implementation of this pay plan staff left due primarily to below market pay and increased travel demands.

REQUEST DETAIL BY PROGRAM

413 DEPT OF FINANCIAL INST

Biennium: 2007-2009

Bill#: HB 1008

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Program: ADMINISTRATION		Reporting Level: 00-413-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	2,201,751	2,653,151	324,029	2,977,180	0
SALARIES - OTHER	5,473	2,305	-2,305	0	0
FRINGE BENEFITS	662,827	756,823	114,643	871,466	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	2,870,051	3,412,279	436,367	3,848,646	0
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	2,870,051	3,412,279	436,367	3,848,646	0
TOTAL	2,870,051	3,412,279	436,367	3,848,646	0
OPERATING EXPENSES					
FRINGE BENEFITS	342	0	0	0	0
TRAVEL	304,604	287,577	70,909	358,486	0
SUPPLIES - IT SOFTWARE	1,035	13,075	7,771	20,846	0
SUPPLY/MATERIAL-PROFESSIONAL	14,094	8,430	3,207	11,637	0
BLDG, GROUND, MAINTENANCE	625	0	0	0	0
MISCELLANEOUS SUPPLIES	400	1,675	75	1,750	0
OFFICE SUPPLIES	4,601	7,330	7,077	14,407	0
POSTAGE	14,813	16,403	-1,166	15,237	0
PRINTING	4,988	7,705	2,870	10,575	0
IT EQUIP UNDER \$5,000	3,117	6,100	35,671	41,771	0
OFFICE EQUIP & FURN SUPPLIES	0	2,600	3,400	6,000	550
INSURANCE	6,224	6,929	2,594	9,523	0
RENTALS/LEASES-EQUIP & OTHER	7,008	7,745	655	8,400	0
RENTALS/LEASES - BLDG/LAND	110,791	126,535	11,902	138,437	21,600
REPAIRS	102	1,250	-100	1,150	0
IT - DATA PROCESSING	46,779	100,996	23,664	124,660	5,330
IT-COMMUNICATIONS	20,528	23,647	8,065	31,712	2,380
IT CONTRACTUAL SERVICES AND RE	26,059	0	0	0	0
PROFESSIONAL DEVELOPMENT	63,173	87,393	3,414	90,807	0
OPERATING FEES AND SERVICES	35,871	31,366	6,144	37,510	0
FEES - PROFESSIONAL SERVICES	80,641	75,226	3,020	78,246	0
TOTAL	745,795	811,982	189,172	1,001,154	29,860

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
OPERATING EXPENSES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	745,795	811,982	189,172	1,001,154	29,860
TOTAL	745,795	811,982	189,172	1,001,154	29,860
CAPITAL ASSETS					
EQUIPMENT OVER \$5000	0	7,500	-7,500	0	0
TOTAL	0	7,500	-7,500	0	0
CAPITAL ASSETS					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	7,500	-7,500	0	0
TOTAL	0	7,500	-7,500	0	0
SPECIAL LINES					
CONTINGENCY	0	20,000	0	20,000	0
MONEY TRANSMITTERS	0	193,742	-193,742	0	0
TOTAL	0	213,742	-193,742	20,000	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	213,742	-193,742	20,000	0
TOTAL	0	213,742	-193,742	20,000	0
PROGRAM FUNDING SOURCES					
GENERAL FUND	0	0	0	0	0
SPECIAL FUNDS	3,615,846	4,445,503	424,297	4,869,800	29,860
FEDERAL FUNDS	0	0	0	0	0
PROGRAM FUNDING TOTAL	3,615,846	4,445,503	424,297	4,869,800	29,860
FTE EMPLOYEES	25.00	27.00	.00	27.00	.00

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

FUNDING DETAIL

SPECIAL FUNDS					
242 FINANCIAL INSTIT. REGULATORY FUND	3,615,846	4,445,503	424,297	4,869,800	29,860
TOTAL	3,615,846	4,445,503	424,297	4,869,800	29,860

CHANGE PACKAGE DETAIL
413 DEPT OF FINANCIAL INST
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PROGRAM: ADMINISTRATION		REPORTING LEVEL: 00-413-100-00-00-00-00000000			
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	235,125	235,125
1 IT Data Processing	.00	0	0	23,664	23,664
2 IT Communications	.00	0	0	8,065	8,065
3 IT Software	.00	0	0	7,771	7,771
4 Travel	.00	0	0	70,909	70,909
5 Postage	.00	0	0	-1,166	-1,166
6 Lease/Rental Equipment	.00	0	0	655	655
7 Lease/Rental Building	.00	0	0	11,902	11,902
8 Professional Development	.00	0	0	3,414	3,414
9 Operating Fees & Services	.00	0	0	6,144	6,144
10 Repairs	.00	0	0	-100	-100
11 Professional Services	.00	0	0	3,020	3,020
12 Insurance	.00	0	0	2,594	2,594
13 Office Supplies	.00	0	0	7,077	7,077
14 Printing	.00	0	0	2,870	2,870
15 Professional Supplies	.00	0	0	3,207	3,207
16 Misc Supplies	.00	0	0	75	75
17 Office Equipment	.00	0	0	3,400	3,400
18 IT Equipment under \$5,000	.00	0	0	35,671	35,671
24 IT Equipment over \$5,000	.00	0	0	0	0
Agency Total	.00	0	0	424,297	424,297

OPTIONAL REQUEST

20 IT Data Processing - Grand Forks Field Office	.00	0	0	5,330	5,330
21 IT Communciations - Grand Forks Field Office	.00	0	0	2,380	2,380
22 Lease/Rental Building - Grand Forks Field Office	.00	0	0	21,600	21,600
23 Office Equipment - Grand Forks Field Office	.00	0	0	550	550
Optional Total	.00	0	0	29,860	29,860